

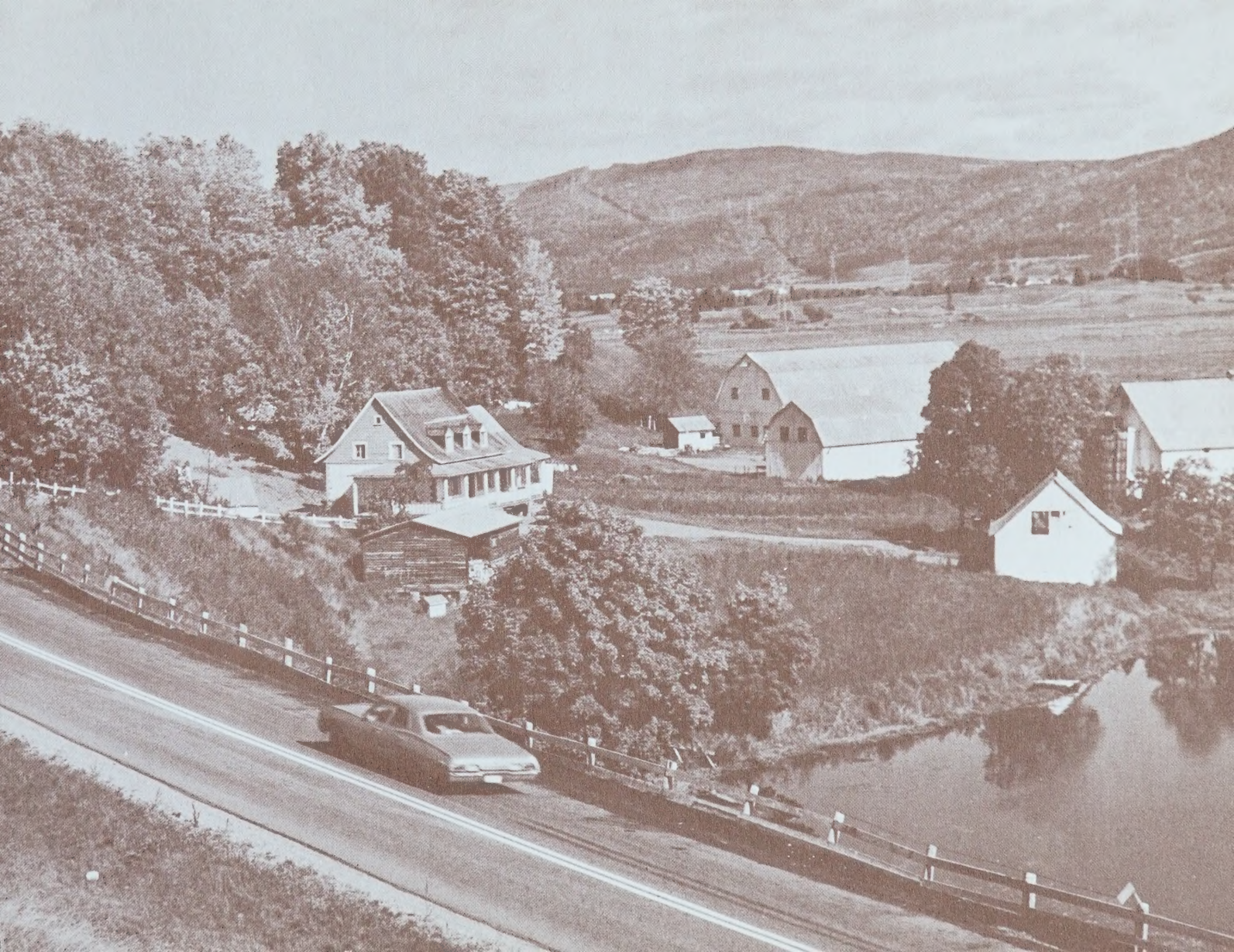
General Motors of Canada Limited 1974 ANNUAL REPORT

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*On peut se procurer l'édition française
de ce rapport en écrivant au Secrétaire,
General Motors of Canada Limited,
William Street, Oshawa, Ontario.*





The President's Letter

The year 1974 was one of swift change in the economic environment in which we operate. While Canada during 1974 was fortunate to have experienced a minimal amount of the turbulent and adverse developments which confronted most other countries, 1975 dawned with Canadians facing the challenge of a substantially reduced rate of economic growth in a world concerned about inflation, energy shortages, unemployment and economic recession.

In 1974, sales and employment levels of General Motors of Canada Limited were the highest in the Company's history. Yet the last quarter of the year was shadowed by dampened sales in the United States and to a lesser degree in Canada. The distinction of 1974 as GM of Canada's second consecutive year of record sales and employment was somewhat dimmed in the final weeks by our reluctant announcement of line-rate reductions for both cars and trucks.

Dollar sales in 1974 totalled a record \$3,614 million, surpassing the 1973 revenue of \$3,116 million by 16 percent.



Net income of \$106 million fell seven percent from the record level of \$114 million in 1973, reflecting the pressures of higher costs not recovered by price changes. Net income as a percentage of sales in 1974 decreased to 2.9 percent from 3.7 percent in 1973.

Retail sales of 451,477 cars and trucks were 1.0 percent higher than the record of the previous year. GM car sales in Canada alone during 1974 were 340,374 units, down 3.3 percent from the 1973 volume, and represented the second best year on record. Truck sales came to 111,103 units, surpassing the previous record established in 1973 by 16.8 percent.

An all-time record of dollar sales was set by Diesel Division in 1974, surpassing the year earlier record by 25 percent.

Because of economic uncertainties, the 1975 forecast of industry automotive sales in Canada is for retail deliveries of cars and trucks to be down somewhat from the 1974 record level. The outlook for 1975 for all our product lines -- cars, trucks, locomotives, coaches, TEREX earthmoving equipment and diesel engines -- is for continuing strong demand.

In the United States, to which a large portion of GM of Canada's production is shipped, it is expected that 1975 will be a turnaround year for the automobile industry with the rate of sales increasing as the year progresses. Thus, we are hopeful that our production and employment levels, which were disrupted during the early weeks of the year, will be stable for the balance of 1975.

To ensure longer-term gains in the Canadian economy, it is essential that the almost universal double-digit rates of inflation be brought under control in Canada and abroad.

The unprecedented challenges facing the world today require a concerted worldwide effort to resolve the present economic problems. Canada, as a major world trading nation, must continue to play a leading role in simultaneously at-

tacking inflation and forestalling recession.

We in Canada are in a unique position to set an example for other countries. Our economy has exceeded virtually every other industrial nation in real growth during the past two years. With continued dedication and hard work on the part of all of us, there is every prospect that Canada will continue to exceed the economic growth of other countries.

To accomplish this task, Canadians as individuals and as groups have been asked to show restraint in their demands on the economy. Capital investment is required to provide jobs for our fast-growing labour market. Governments must, through their tax and monetary policies, provide the incentive for that capital investment. Critical to Canada's success is consumer confidence in our future endeavours.

Inflation is added cost without added value. It is the unproductive use of capital. The consumer ultimately bears the cost of inflation. It behooves all of us, as consumers, to arrest inflation.

In Canada, there has been a progressive but necessary shift in the distribution of income to provide a larger share for the resource and agricultural industries.

Both segments have required substantial capital investments in order to increase production and productivity. Payments for these investments are required in order to provide for future expansion.

With economic growth advancing at a reduced rate, other sectors are experiencing restrictions. It is to be hoped that these sectors recognize that restraint is required until Canada's economic growth increases. Inflation accelerates unrealistic compensation demands as individuals strive to keep pace with higher prices. If restraint is not practised, inflation feeds upon itself. It is hoped that people will take a longer-term outlook, requiring in many instances a short-term monetary pinch in order to control inflation and to provide the necessary time element for the economy to recover its growth role.

Too often, people look to government to solve their problems when they should look to themselves. Governments in themselves do not produce goods. It is business, industry, and agriculture that provide the productive means to stimulate the economy and advance everyone's quality of life.

Governments through their tax and fiscal policies influence economic matters. The recent tax reductions will provide a

desirable lift to available consumer income. Efforts have been made to offset the impact of inflation on Canadians, particularly those of low and moderate income. Canada, wisely, has opted to refrain from establishing price and wage controls. History and logic prove that forces of a free market -- that is, with consumers making their own purchase decisions -- provide better solutions.

By encouraging increased investment and supply, the Canadian government has sought to get to the root of the inflation problem. However, an expanding economy, based on growth of productivity, is necessary if the real purchasing power of Canadian families is to be increased. Meanwhile, Canadians should not allow their prospects for growth and future prosperity to be undermined by a continuance of the vicious inflationary spiral.

Individual voluntary restraint coupled with appropriate policies on such aspects as energy, resource conservation, taxation and fiscal management will foster new growth and progress.

General Motors of Canada accepts the challenge to perform its part in furthering the growth and future progress of Canada. The emergence of energy as a


worldwide source of concern has emphasized the need for more public transportation to supplement privately-operated cars and trucks. In addition to being the leading Canadian manufacturer of buses and locomotives, GM of Canada is actively engaged in the development of other transportation systems and equipment.

We are striving to hold down the costs of our products through greater efficiency and higher productivity. During 1974, there was a dramatic increase in the cost of materials used to build cars. Our price increase lagged substantially behind the cost increases for material and labour. Even with these cost pressures, a further narrowing of the price differential between Canadian and U.S. vehicles was accomplished.

GM of Canada is backing its faith in the future of transportation with continued expenditures for capital equipment and facilities. It is ensuring its future success by developing the skills of its people and by attracting highly competent individuals to the Company.

The achievements of the past year were accomplished only with the sus-

tained efforts of our employees, our dealer organizations, our suppliers and, most importantly, with the participation of our valued customers. We acknowledge that our performance and progress in 1975 also will be dependent upon you.



D. C. Collier,
President.



Highlights

	1974	1973
SALES OF ALL PRODUCTS	\$ 3,613,544,000	\$3,116,092,000
TOTAL UNIT SALES		
Cars.....	635,000	618,000
Trucks and coaches.....	204,000	172,000
Total.....	839,000	790,000
NET INCOME	\$ 106,097,000	\$ 113,899,000
TAXES		
Income taxes	\$ 74,877,000	\$ 80,041,000
Other taxes.....	36,614,000	27,926,000
Total.....	\$ 111,491,000	\$ 107,967,000
REAL ESTATE, PLANTS AND EQUIPMENT		
Plant expenditures for year.....	\$ 58,325,000	\$ 45,472,000
Balance at December 31.....	283,619,000	269,414,000
EMPLOYMENT		
Average number of employees.....	30,300	28,700
Total payrolls.....	\$ 449,630,000	\$ 390,960,000
WHAT HAPPENED TO THE REVENUE		
GM OF CANADA LIMITED RECEIVED DURING 1974?		
GM OF CANADA LIMITED RECEIVED	millions	
From sale of its products and other income.....	\$3,629.6	100%
THIS REVENUE WENT		
To suppliers for materials, services, etc.	2,831.6	78%
To employees for payrolls, employee benefit plans, etc.	537.9	15%
For income and other taxes.....	111.5	3%
To provide for depreciation of real estate, plants and equipment.....	42.5	1%
For dividends.....	79.8	2%
For use in the business.....	26.3	1%

The Year In Review

The 1974 calendar year was a record one for the Canadian automotive industry, despite a decrease in sales during the fourth quarter. Retail sales of 1,245,000 new cars and trucks were up 1.6 percent from the 1,225,000 units sold in 1973, the previous record year. In 1974, 941,000 passenger cars and 304,000 trucks were sold, representing a decrease of 3.2 percent and an increase of 19.6 percent, respectively, over 1973. There were significant gains made in the sale of North American-produced vehicles at the expense of offshore imports.

General Motors of Canada Limited participated in the success of the industry by achieving a new sales record for the second consecutive year.

Factory sales by General Motors of Canada Limited in 1974 amounted to 642,113 cars, trucks and coaches. This total compares with 579,808 units in 1973, the previous record year. In addition, GM of Canada sold 196,611 vehicles imported from the United States. Of the total General Motors units produced and imported, 471,214 were sold in Canada, 333,732 were shipped to the United States and 33,778 units were exported to 22 other countries.



Dollar sales by General Motors of Canada totalled a record \$3.6 billion, a 16 percent increase over the previous record of \$3.1 billion in 1973.

Employment during 1974 averaged 30,300 people and payrolls totalled a record \$450 million.

Net income was \$106 million, compared to \$114 million in 1973. Net income as a percentage of sales was 2.9 percent in 1974, compared to 3.7 percent in 1973.

Total 1974 expenditures for plant and equipment in Canada amounted to \$58.3 million. Expenditures for special tools amounted to \$154.4 million.

Automotive Operations

Numerous major changes were instituted or announced during 1974 with respect to automotive operations.

The Ste-Therese plant was converted for the 1975 model year from Vega and Astre assembly to the production of Chevrolet Monza 2 + 2, Oldsmobile Starfire and Buick Skyhawk models. GM of Canada had the exclusive responsibility



for the manufacturing pilot program and start-up on these sporty new models.

The Scarborough plant, formerly used for the manufacture of automotive components, was converted to produce Chevrolet and GMC vans. Shipments began on May 24, 1974.

A new battery plant, at Oshawa, is scheduled to be in production by mid-1975. It will feature highly technical production systems, including the introduction of plastic battery cases, along with sophisticated air pollution control equipment.

In October, it was announced that a one million square foot National Parts Distribution Centre would be built at Woodstock, Ontario. This new facility will

go into operation in 1976. The current warehouse facilities at Oshawa will serve the needs of Ontario dealers and customers; as well as being the distribution point for parts which have low turnover rates.

At Winnipeg, a 47,800 square foot addition to the zone office and parts warehouse was occupied in early 1975, serving the growing needs of Manitoba and northwestern Ontario.

In the manufacturing facilities, numerous new techniques and equipment were introduced during 1974 to improve productivity and quality as well as to conserve materials and energy.

A new facility utilizing refined lighting is used to detect imperfections in the surface quality of stampings. Prior to its introduction, surface defects occasionally were not discovered until after the bare metal had been painted.

Ferrous materials, which historically had been sold as scrap, are being segregated at the Company's several plant locations and are being shipped to St. Catharines where they are used as raw materials for the foundry operations. All scrap materials are being evaluated for potential recycling.

New equipment allows evacuating and filling of the complete automotive brake system, a dramatic improvement over the previous method of testing in partial sections.

A central monitoring and dispatch system, incorporating computer systems, was introduced in 1974 to record conveyor downtime and to automatically close down production-related facilities at the end of a shift to increase energy conservation.

New vacuum type test units now provide an improved method of checking passenger car bodies for water leaks. Each car body is tested twice on the assembly line. The unit is automatically applied to the front of the passenger compartment and a vacuum is created by drawing inside air through access openings for the heater and air conditioning equipment. Water containing a fluorescent dye is sprayed outside the body and any leaks can be readily seen by ultraviolet light. Necessary repairs are made and the second test is conducted utilizing water treated with a different colour of dye.

Diesel Division

In 1974, GM of Canada established re-

cord dollar sales for its nonautomotive products. Railway locomotives and transit coaches as well as TEREX haulers and front-end loaders are manufactured in Canada. Diesel Division imports and sells Detroit Diesel Allison products; TEREX earthmoving equipment, including crawler tractors and self-propelled scrapers; suburban and intercity coaches; and high-horsepower Electro-Motive diesel engines and power generating equipment. Sales volumes were at record levels for coaches, diesel engines and earthmoving equipment. Production of locomotives continued at a high level.

A coach assembly plant was officially opened at Ville St-Laurent, a suburb of Montreal, in October to fulfill the transit needs of the Province of Quebec. New provincial legislation provides a 10 percent subsidy to transit commissions for new coach purchases and an additional 20 percent subsidy if the vehicles are built in Quebec. GM of Canada was awarded a contract by the Montreal Urban Community Transit Commission to supply 540 transit coaches. It was the largest single order for coaches ever placed in Canada.

With a commitment to begin deliveries in October 1974, Diesel Division equip-

ped the Ville St-Laurent facility with tooling during a six-month period. Coaches are being assembled at a rate of one and one-third per day. Along with orders from other transit commissions, deliveries currently are scheduled through mid-1977.

Another 1974 highlight was the shipment of the world's largest hauler, the TEREX TITAN. Designed for open pit mining operations, it was unveiled on October 8, 1974, by TEREX Division at a major mining exhibition in Las Vegas. This vehicle, which has a 350-ton payload capacity and is powered by a 3300 gross horsepower diesel engine, is undergoing evaluation tests at a mine in California.

Overseas Activities

Although Canadians are familiar with the two-way flow of automotive products between Canada and the United States under provisions of the Automotive Trade Pact, many people are unaware of the overseas export operations of General Motors of Canada which are of major importance to Canada's trade position.

This activity requires the procurement, packaging and shipment of North American-produced automotive material to overseas General Motors plants.



Nearly 520,000 square feet of building space and 200,000 square feet of outdoor storage area are required at Oshawa to service the export operation. The resulting employment is in excess of 400 people. In addition, employment and other benefits accrue to suppliers of this GM of Canada activity.

While some vehicles are shipped overseas completely assembled, the majority of export car orders are shipped disassembled. During 1974, a total of 33,778 vehicles were sold to countries other than the United States, up 38 percent from the 24,495 units in 1973. Countries involved in 1974 included Costa Rica, Australia, South Africa, Venezuela and the Philippines.

Other automotive export activities include shipments of components. Component material consists primarily of hoods, doors, roof panels, deck lids, axles, transmissions, radiators and engines as well as a broad range of fasteners, brackets, mouldings, door and seat pads. The largest customer for components was GM de Mexico, while GM Argentina S.A. received large quantities of sheet metal parts for trucks.

Diesel Division continued its aggressive search for export volume during 1974. Involved in shipping locomotives overseas since 1953, the London, Ontario plant added TEREX off-highway trucks during the last decade. During 1974, locomotives were shipped to Yugoslavia and

150-ton capacity TEREX haulers were exported to the United States, Yugoslavia and Russia.

Manufacturing Sales

As a highly integrated company with a wide variety of sophisticated tooling and facilities, General Motors of Canada strives for maximum utilization of its manufacturing and foundry capacity. In areas where there is capacity excess to the Company's own needs, productivity is gained by sales of manufacturing output to other General Motors units in the United States and around the world as well as to outside companies.

Grey and nodular iron castings, stampings, and injection-moulded plastic parts are sold in volumes totalling many millions of dollars annually. The Company has plastic injection-moulding machines ranging in capacity up to 3000 tons. The 3000-ton horizontal machines are the largest of that type in General Motors. During 1974, a multimillion dollar pressed metal operation was installed at Oshawa and commenced production of major body stampings.



Automotive Pricing

The average manufacturer's suggested retail price, at 1975 model introduction, was increased by \$340 or 7.2 percent on passenger cars and by an average of \$597, or 10.5 percent on trucks, over comparably equipped 1974 models. These price adjustments only partially offset increased costs for labour and materials. Adjustments resulted in a further narrowing of the price differential between Canadian and U.S. vehicles.

1975 GM Automotive Powertrains

The revised Canadian automotive emission standards for 1975 model vehicles, while less restrictive than in the United States, required a 33 percent reduction in hydrocarbons compared to 1974 levels.

GM of Canada elected to offer two types of powertrains in its 1975 passenger cars and light-duty trucks. The Company has recommended to Canadian customers that vehicles be purchased equipped with catalytic converters. The GM catalytic converter, backed by many millions of test miles, not only provides effective emissions control but is a major component of the Maximum Mileage System which is responsible for the significant fuel economy gains made in 1975

GM models. The converter treats exhaust gases after combustion and has made it possible to retune and recalibrate engines for increased fuel economy combined with lower idling speeds, quicker warmup and smoother overall performance.

Fuel economy has also been improved by a new high-energy ignition system, and in some instances lower standard axle ratios and steel-belted radial tires. Combined with the use of unleaded gasoline, GM's Maximum Mileage System provides lower maintenance costs with spark plugs lasting up to 22,500 miles and recommended oil change intervals now at 7,500 miles.

While unleaded gasoline is generally available to the majority of Canadians, the uncertainty of supplies of unleaded fuel in rural or remote areas prompted GM of Canada to offer a selection of engine options which can operate on regular leaded gasoline, and without a converter.

For the future, General Motors is searching for further ways to provide increases in fuel economy. Research is in progress on such programs as more efficient transmissions, more economical rear axles, improved body aerodynamics and reduced vehicular weight.

Industrial Pollution Control

General Motors of Canada has a continuing program on ensuring clean air, clean water and noise abatement at its factory installations. During 1974, \$7.4 million was spent for capital and operating costs on pollution control facilities.

At St. Catharines, a multi-million dollar water purification program was completed during 1974. At the axle plant, 265,000 gallons of oil are reclaimed annually and reused as cutting oils and lubricants. At the foundry and engine plants, 16 million gallons of water are processed daily.

At the Windsor transmission plant, successful experiments have been conducted in the reuse of oil that is recovered at the waste treatment facility. After being purified, it is used as a cutting coolant.

Noise control is a continuous program at GM of Canada. Annual surveys are taken at all plants and controls are initiated where required. A GM sound level specification for machinery and equipment is used as the basis for the purchase of new, quieter machinery and equipment.



Industrial Energy Conservation

Industrial energy conservation, a major long-term concern, received increased attention in 1974. The formal programs at all plants reduced the energy required per unit of output by approximately 28 percent during 1974. Substantial price increases for energy have created added incentives to use energy frugally.

Active conservation committees at each location strive to keep all employees conscious of energy saving ideas at work and at home.

The 1975 goal is an additional five percent reduction in energy use. Each plant will chart its performance to target and will report on a monthly basis.

Testing Activities

During 1974, the Company conducted extensive programs involving product assurance and component testing. Government legislation and standards which are unique to Canada apply to a diverse range of subjects affecting General Motors products. Examples include child seats, air brakes, emission controls, interior noise of trucks and exterior noise of cars and trucks. Amendments to existing

regulations and introduction of new government standards require substantial engineering involvement and testing in order to ensure compliance.

Canadian and U.S. Federal Safety Standards require that interior trim materials used in automotive applications do not exceed a burn rate of four inches per minute. For 1975 model vehicles, nearly 1,000 parts were validated by GM of Canada's engineering test laboratory. The flammability cabinet used for the tests was developed and manufactured by GM of Canada. A total of 238 identical cabinets have been sold to other GM plants and to suppliers of interior materials in Canada, the United States, United Kingdom, West Germany, Sweden and Australia.

A concerted engineering test program was necessary to certify the lead-tolerant engine options offered in 1975 model GM passenger cars and light duty trucks.

General Motors conducts product assurance vehicle field tests on a continuing basis. GM of Canada participates in the North American program of product development. During 1974, vehicles in taxi service were evaluated at Regina, Saskatoon, Winnipeg and Montreal.

GM of Canada's permanent cold weather test facilities at Kapuskasing, Ontario, are used to evaluate cold start and driveaway, emissions systems, defrosting systems, heater operation, traction, accessory operation, lubricants, fuels, electrical components, experimental components and overall performance and durability. Nearly all vehicle components and systems are affected by low temperatures. Specific tests are conducted and analyzed to determine any need for design changes. Durability testing subjects vehicles to the equivalent of several years of normal customer operation in just one winter.

The Kapuskasing facilities are available to all segments of General Motors Corporation in order that GM products and vehicle systems can be developed to meet the unique challenges of a cold weather environment.



Educational Activities

General Motors of Canada, through its Canadian University Scholarship Program, has been providing awards to Canadians enrolled in the final two years of a program in engineering, mathematics, business administration or economics. At present, the Program benefits 68 students at 17 Canadian universities. In addition, a grant-in-aid has been made to each university participating in the GM Scholarship Program.

During 1974, there were 125 Canadian students enrolled at General Motors Institute, Flint, Michigan, under the sponsorship of General Motors of Canada Limited. General Motors Institute offers five-year degree programs in mechanical, industrial and electrical engineering and in industrial administration. As co-operative students, the young men and women spend alternate six-week periods at school and working in the sponsoring plant. The engineering graduates are recognized by the Association of Professional Engineers of Ontario and by l'Ordre des ingénieurs du Québec.

In 1974, two young Canadians won the distinction of being the only students to be named to the Dean's List for outstand-

ing academic achievement for each of nine semesters in the engineering program at General Motors Institute.

GM of Canada sponsored 22 students in the co-operative program at the University of Waterloo during 1974. Four students were enrolled in a new co-operative program started in 1974 at the University of Sherbrooke.

General Motors of Canada annually donates or sells at special prices vehicles and components to accredited educational institutions for training purposes. In addition, GM dealers are paid a special allowance for each vehicle loaned to high schools for use in driver education courses. During the 1973-74 school year, 1,267 cars and trucks were provided to schools under the program.

Organizational Changes

Several changes in the Board of Directors were made during 1974. Elected to the Board were Elliott M. Estes, President and Chief Operating Officer, General Motors Corporation, Detroit, Michigan; F. James McDonald, Executive Vice President, U.S. and Canadian Automotive Operations, General Motors Corporation, Detroit, Michigan; and W. Robert Waugh,


Vice President and Finance Manager, Oshawa, Ontario.

Resignations from the Board were Howard H. Kehrl, Executive Vice President, Technical Center Staffs, General Motors Corporation, Detroit, Michigan; John D. Mintline, former Vice President and Finance Manager, Oshawa, Ontario; and Richard L. Terrell, Vice Chairman, Board of Directors, General Motors Corporation, Detroit, Michigan.

Several senior appointments during 1974 were announced. W. Robert Waugh was appointed Finance Manager and was elected a Vice President of the Company. He succeeded John D. Mintline who was appointed Assistant Comptroller of General Motors Corporation, Detroit, Michigan.

Emmett B. Lewis, Jr. was appointed General Manager, Diesel Division and was elected a Vice President of the Company. He succeeded Frederick W. Walker, Jr. who was appointed General Manager, GM Transportation Systems Division, General Motors Corporation.

James R. Hamilton was appointed Director of Public Relations, succeeding William E. Austin who has retired under



the provisions of the General Motors Retirement Program.

John C. Larmond was appointed to a newly established position of General Service and Quality Manager. The appointment emphasized the importance of customer satisfaction through dealer service and product quality control.

GM Dealers In Canada

The success of General Motors of Canada is dependent to a substantial degree

on a strong dealer organization. Six Canadian GM dealers earned the coveted Time Magazine Quality Dealer Award in 1974. The recognition is awarded annually to outstanding new car dealers for exceptional performance in the dealership combined with distinguished community service. One GM dealer was presented with the National Award, the highest form of recognition awarded to any Canadian new car dealer in 1974.

General Motors cars and trucks are marketed in Canada by a network of 1,045 dealerships which are independent businesses maintaining large investments in sales, parts and service facilities. Their combined investment is approximately \$240 million. They employ approximately 29,500 men and women across the country.

In addition, 402 AC-Delco distributors market automobile service parts and equipment.

At the end of 1974, Detroit Diesel Allison products were available through eight independent distributors with a total of 35 outlets throughout Canada. These distributors in turn had agreements with 270 service dealers.

TEREX equipment is sold in Canada by dealers located across the country in 26 locations.

GM of Canada maintains service Training Centres in ten cities across Canada. In addition, mobile training units extend the instruction to numerous other locations. More than 7,600 mechanics, body shop personnel and other service people received specialized mechanical training during 1974 which will permit them to better serve the owners of General Motors cars and trucks.

A comprehensive automotive dealership management program was inaugurated in 1974. The courses are designed to increase the management skills of dealers and their management teams, assisting them in meeting the competitive challenges of the future.

Another GM of Canada program to assist dealers in serving customers is the bilingual talking computer. Substantial improvements to the system were made in 1974 which permitted more dealers to join this information network. A dealer, using a touch-tone telephone, can communicate directly with the computer at Oshawa. An immediate reply, in either English or French, provides the latest in-



formation on the status of a specific customer order.

In December 1974, a highly sophisticated computerized system for processing parts orders from automotive dealers, AC-Delco distributors and coach operators in Canada was inaugurated. The inventory records of all eight Parts Distribution Centres across Canada are stored in the memory banks of the computer complex at Oshawa. When a parts order is received at a regional parts warehouse, the order is transmitted to the main computer at Oshawa. It determines if the local warehouse has stock and transmits the data to the regional computer which prints out the shipping document. If no stock is available at the location, the

computer at the nearest warehouse with stock is automatically advised to print a shipping document at that location. This National Order Writing System provides an improved and faster parts ordering service for owners of GM vehicles across Canada.

Community Activities

During 1974, General Motors of Canada continued its policy of contributing to charitable, educational and community organizations in localities in which it has facilities. Such contributions, other than those for education, are generally related to the size and employment of the GM operations in the area. Nationally, the Company contributes to organizations which merit GM support.

General Motors of Canada encourages its employees to support worthy charitable organizations, particularly the United Way, both financially and with personal efforts. Employees contribute their time and talents to a multitude of community projects and organizations. They are involved in such areas as churches, social agencies, service clubs, youth work, armed services, educational activities and the arts.



People Of GM Of Canada

Employment was at a record level during 1974 with an average of 30,300 men and women working at GM of Canada facilities. Payrolls totalled \$450 million in 1974, surpassing the former record of \$391 million set in 1973 when average employment was 28,700 people.

Average hourly employment in Canada was 23,400 in 1974. Wages for these men and women averaged \$7.02 per hour for an average workweek of 39.3 hours. This compared with \$6.24 per hour for an average workweek of 40.5 hours in 1973.

The average weekly wage of GM of Canada's hourly employees in 1974 was \$275.88. This was \$105.82 or 62.2 percent above the average weekly wages of \$170.06 reported by Statistics Canada for all Canadian manufacturing employees. This amount does not include the cost of extensive employee benefit programs.

On September 23, 1974, hourly employees received an annual improvement factor wage increase of three percent, ranging from 12 cents to 24 cents an hour under the terms of the three-year contract negotiated in 1973. In addition, the cost-of-living allowance increased a

total of 49 cents per hour for GM of Canada hourly employees during 1974. The combined increase raised hourly rates by 61 cents to 73 cents, depending on the employee's base rate.

In late 1974, GM of Canada announced production schedule reductions at Oshawa and Ste-Therese to take effect in January, 1975, primarily related to reduced sales levels in the United States. Component plant operations were affected by the schedule adjustments in Canada and the United States.

Although GM of Canada regrets the need for an employee layoff for any reason, it was necessary to respond to the production decline. Reductions in the hourly and salaried employment levels were necessary. The adjustment to the work force followed about five years of steadily increasing employment. Reductions in Canada were much less extensive than in United States plants of General Motors.

The impact of layoffs is cushioned by various benefit programs. Hourly employees, with at least one year of service, are entitled to Supplemental Unemployment Benefits which provide up to 95 percent

of their take-home pay, less \$7.50 for work-related expenses. Salaried employees are protected under the Separation Allowance Plan and the Layoff Benefit Plan.

Performance Improvement Increase

Effective September 16, 1974, eligible salaried employees received performance improvement increases ranging from \$21 to \$65 per month. In addition, the cost-of-living allowance for eligible salaried employees was increased to \$338 per quarter effective December 1, 1974.

Employee Benefit Programs

During 1974, General Motors of Canada contributed \$87.8 million to its employee benefit programs which help in planning for the future and in providing security for employees and their families.

An extremely comprehensive Insurance Program is provided to GM of Canada employees. It provides life and disability income insurance and substantial benefits when an employee or an eligible dependent incurs hospital, surgical, medical, prescription drug or dental expenses. The dental expense plan went into effect on October 1, 1974.



The Pension and Retirement Programs also are of major importance, providing monthly retirement benefits for eligible employees and their eligible surviving spouses.

The initiative and ingenuity of employees is encouraged by the GM Suggestion Plan. It provides hourly and eligible salaried employees with the opportunity and incentive to earn awards of up to a maximum \$10,000 for suggestions that improve methods, product design and product quality; result in material and cost savings; conserve energy; or provide for improvements of in-plant safety.

During 1974, GM of Canada employees earned \$876,927 for 14,246 accepted suggestions, down from the \$968,642 paid in 1973.

The GM Savings-Stock Purchase Program provides eligible salaried employees with a systematic way to increase savings and to build an ownership in General Motors. In 1974, 72 percent of eligible salaried employees saved an average of 8 percent of their salaries. GM of Canada contributed \$3.0 million to the Program in 1974.

The Program was amended January 1,

1974, to reduce the maturity period from five years to three years. Two classes matured during 1974: the 3,501 participants in the 1969 class received or were credited with GM common stock, Canada Savings Bonds and cash valued at a total of \$4,220,000 after it matured at the end of June 1974; and the 3,351 employees in the class of 1970 received or were credited with GM common stock, Canada Savings Bonds or cash valued at \$4,254,000 after it matured at the end of 1974.

A total of 506 Canadian hourly and salaried employees continued their education in 1974 through participation in the GM Tuition Refund Plan. Under this Plan, the employee is reimbursed up to \$700 for the satisfactory completion of approved courses at an accredited college or university. For any other approved courses, GM of Canada reimburses employees up to \$350 per year. Approximately 600 supervisors attended management programs at Community Colleges. Apprentice training programs are in progress for hourly employees in the skilled trades area. A number of graduates of General Motors Institute are attending Canadian universities to earn Masters Degrees.



GENERAL MOTORS OF CANADA LIMITED

STATEMENT OF INCOME AND NET INCOME RETAINED FOR USE IN THE BUSINESS

for the years ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
NET SALES (Note 2)	\$3,613,544,491	\$3,116,091,624
Other income less income deductions	<u>16,102,543</u>	<u>12,124,204</u>
TOTAL	<u>3,629,647,034</u>	<u>3,128,215,828</u>
 COSTS AND EXPENSES		
Cost of sales and other operating charges, exclusive of items listed below	3,231,846,569	2,726,859,322
Selling, general and administrative expenses	78,287,452	73,429,147
Depreciation of real estate, plants and equipment	42,504,245	44,386,384
Amortization of special tools	86,829,277	79,797,181
Interest expense (Note 5)	9,205,827	9,803,616
Income taxes (Note 3)	<u>74,877,000</u>	<u>80,041,000</u>
TOTAL	<u>3,523,550,370</u>	<u>3,014,316,650</u>
 NET INCOME	106,096,664	113,899,178
NET INCOME RETAINED FOR USE IN THE BUSINESS at beginning of the year	<u>369,873,933</u>	<u>328,409,505</u>
TOTAL	475,970,597	442,308,683
LESS CASH DIVIDENDS	<u>79,818,875</u>	<u>72,434,750</u>
 NET INCOME RETAINED FOR USE IN THE BUSINESS at end of the year	<u>\$ 396,151,722</u>	<u>\$ 369,873,933</u>

Reference should be made to the Notes to Financial Statements (pages 25 through 29).

GENERAL MOTORS
OF CANADA LIMITED

ASSETS		
	<u>1974</u>	<u>1973</u>
CURRENT ASSETS		
Cash...	\$ 5,154,037	\$ 10,268,054
Time deposits and marketable securities - at cost which approximates market	74,977,064	151,435,667
Accounts and notes receivable:		
Trade-affiliated companies	149,392,209	99,796,668
Other trade and sundry	99,773,138	85,407,353
Inventories	370,763,961	265,829,998
Prepaid expenses and deferred income taxes	21,983,922	13,955,107
TOTAL CURRENT ASSETS	<u>722,044,331</u>	<u>626,692,847</u>
PROPERTY		
Real estate, plants and equipment (Note 4)	700,745,771	650,631,809
Less accumulated depreciation	417,126,724	381,217,618
Net real estate, plants and equipment	283,619,047	269,414,191
Special tools - less amortization	87,311,514	19,748,682
TOTAL PROPERTY	<u>370,930,561</u>	<u>289,162,873</u>
OTHER ASSETS	<u>77,921</u>	<u>698,579</u>
TOTAL ASSETS	<u>\$ 1,093,052,813</u>	<u>\$ 916,554,299</u>

Reference should be made to the Notes to Financial Statements (pages 25 through 29).

Approved by the Board:

.....Director
.....Director

BALANCE SHEET
DECEMBER 31, 1974 AND 1973

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1974</u>	<u>1973</u>
CURRENT LIABILITIES		
Accounts payable:		
Trade-affiliated companies.....	\$ 193,664,049	\$ 66,558,508
Other trade and sundry.....	163,018,860	122,752,739
Income and other taxes payable.....	8,952,425	25,690,784
Other accrued liabilities.....	138,589,909	101,008,955
Current portion of long-term debt.....	—	50,000,000
TOTAL CURRENT LIABILITIES.....	504,225,243	366,010,986
LONG-TERM DEBT (Note 5).....	90,590,000	90,502,219
DEFERRED INCOME TAXES.....	24,013,000	11,929,000
OTHER LIABILITIES.....	4,536,246	4,701,559
SHAREHOLDERS' EQUITY		
Capital stock—\$100 par value; authorized, issued and fully paid, 703,250 shares.....	70,325,000	70,325,000
Capital surplus (principally additional paid-in capital).....	3,211,602	3,211,602
Net income retained for use in the business.....	396,151,722	369,873,933
TOTAL SHAREHOLDERS' EQUITY.....	469,688,324	443,410,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 1,093,052,813	\$ 916,554,299

GENERAL MOTORS OF CANADA LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended December 31, 1974 and 1973

	1974	1973
SOURCE OF FUNDS		
Net income.....	\$ 106,096,664	\$ 113,899,178
Depreciation of real estate, plants and equipment	42,504,245	44,386,384
Amortization of special tools.....	86,829,277	79,797,181
Deferred income taxes.....	12,084,000	4,293,782
Total current operations.....	247,514,186	242,376,525
Proceeds from disposals of property	1,615,609	1,786,125
Notes payable to parent company....	87,781	—
Other - net	455,345	1,075,771
TOTAL	249,672,921	245,238,421
APPLICATION OF FUNDS		
Dividends paid	79,818,875	72,434,750
Expenditures for real estate, plants and equipment	58,324,710	45,472,349
Expenditures for special tools.....	154,392,109	54,643,007
Current portion of long-term debt....	—	50,000,000
TOTAL	292,535,694	222,550,106
INCREASE (DECREASE) IN WORKING CAPITAL	(42,862,773)	22,688,315
WORKING CAPITAL AT BEGINNING OF THE YEAR	260,681,861	237,993,546
WORKING CAPITAL AT END OF THE YEAR	\$ 217,819,088	\$ 260,681,861
INCREASE (DECREASE) IN WORKING CAPITAL BY ELEMENT		
Cash, time deposits and marketable securities	(\$ 81,572,620)	\$ 96,621,650
Accounts and notes receivable-other.....	14,365,785	(2,861,136)
Inventories.....	104,933,963	35,429,315
Prepaid expenses and deferred income taxes...	8,028,815	13,180,522
Notes and accounts payable:		
Affiliated companies - net.	(77,510,000)	(12,968,473)
Other.....	(40,266,121)	(39,186,402)
Income and other taxes payable...	16,738,359	16,695,652
Other accrued liabilities..	(37,580,954)	(34,222,813)
Current portion of long-term debt	50,000,000	(50,000,000)
INCREASE (DECREASE) IN WORKING CAPITAL	(\$ 42,862,773)	\$ 22,688,315

Reference should be made to the Notes to Financial Statements (pages 25 through 29).

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The Company is engaged primarily in a single class of business - the manufacture, assembly and distribution of products which relate to transportation equipment consisting principally of passenger cars, trucks, coaches and locomotives as well as parts and accessories.

Transactions in Foreign Currencies:

Transactions in foreign currencies have been stated in Canadian currency at the average rates of exchange for the months in which they occurred. The current portions of assets and liabilities which are to be settled in foreign currencies have been stated in Canadian currency at the rates of exchange in effect at the balance sheet dates; the non-current portions of such assets and liabilities have been stated in Canadian currency at rates which were in effect at the dates of the related transactions.

Income Taxes:

Investment tax credits allowable under the income tax laws are deducted in determining taxes estimated to be payable currently and are deferred and amortized over the lives of the related assets. The tax effects of timing differences between pre-tax accounting income and taxable income are deferred.

Inventories:

Inventories are stated at the lower of cost or market. Cost is determined substantially by the first-in, first-out or the average cost method. Market value is current sales price less distribution cost for finished product and replacement cost for other inventories. Physical inventories are taken at all locations annually.

Property, Depreciation And Amortization:

Property is stated at cost. Maintenance, repairs, rearrangement expenses and renewals and betterments which do not enhance the value or increase the basic productive capacity of the assets are charged to costs and expenses as incurred.

Depreciation is provided on groups of property using, with minor exceptions, an accelerated method which accumulates depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated lives of the property. The annual group rates of depreciation are as follows:

<u>Classification of Property</u>	<u>Annual Group Rates</u>
Land improvements	5%
Buildings	3-1/2%
Machinery and equipment	8-1/3% (Average)
Furniture and office equipment	6% (Average)



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Property, Depreciation And Amortization: (concluded)

Expenditures for special tools are amortized, with the amortization applied directly to the asset account, over short periods of time because the utility value of the tools is radically affected by frequent changes in the design of the functional components and appearance of the product. Replacement of special tools for reasons other than changes in products is charged directly to the cost of the sales.

Pension Program:

The Company participates with affiliated Canadian companies in pension plans covering substantially all of its employees. Generally, plans covering hourly-rate employees are noncontributory and those covering salaried employees are both contributory and noncontributory. Benefits under the plans are generally related to length of service, wages and salaries and contributions. The costs of these plans are determined on the basis of actuarial cost methods. Unfunded past service pension costs are being funded and amortized in the period extending through 1989.

Product Related Expenses:

Expenditures for research and development and for advertising and sales promotion are charged to costs and expenses when incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

NOTE 2. NET SALES

Net sales includes sales to affiliated companies of \$1,391 million in 1974 and \$1,145 million in 1973.

NOTE 3. INCOME TAXES

Income taxes consist of the following:

	1974	1973
Taxes payable currently	\$70,655,000	\$90,842,809
Deferred income taxes	4,222,000	(10,801,809)
Total.....	<u>\$74,877,000</u>	<u>\$80,041,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. REAL ESTATE, PLANTS AND EQUIPMENT

Real estate, plants and equipment consists of the following:

	<u>1974</u>	<u>1973</u>
Land, buildings and improvements.....	\$233,926,086	\$218,919,974
Machinery, equipment and furniture.....	439,913,140	398,940,369
Construction in progress	<u>26,906,545</u>	<u>32,771,466</u>
Total	<u>\$700,745,771</u>	<u>\$650,631,809</u>

NOTE 5. LONG-TERM DEBT AND INTEREST EXPENSE

Long-term debt consists of the following:

	<u>1974</u>	<u>1973</u>
Notes payable to Canadian Chartered Banks.....	\$ 50,000,000	\$100,000,000
Notes payable to General Motors Corporation due in 1979.....	<u>40,590,000</u>	<u>40,502,219</u>
	90,590,000	140,502,219
Less amount currently payable.....	<u>—</u>	<u>50,000,000</u>
Total long-term debt	<u>\$ 90,590,000</u>	<u>\$ 90,502,219</u>

Under the terms of a loan agreement with several banks, the Company borrowed \$100,000,000 on September 15, 1971, repayable on September 15, 1976, or sooner, at the option of the Company, and agreed to maintain working capital of at least \$75,000,000 and shareholders' equity of at least 2-1/2 times the outstanding principal amount of the loan.

Interest expense includes interest on long-term debt of \$9,204,563 in 1974 and \$9,796,549 in 1973.

NOTE 6. PENSION PROGRAM

Unfunded past service pension costs amount to approximately \$366 million at December 31, 1974 (1973 - \$218 million). The actuarially computed value of vested benefits exceeded the total of pension funds, at market and balance sheet accruals at December 31, 1974, by approximately \$95 million (1973 - nil).





NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

NOTE 7. CONTINGENT LIABILITIES

There are various claims and pending actions against the Company in respect of product liability, warranties and other matters arising out of the conduct of the business. The amounts of liability on these claims and actions at December 31, 1974 were not determinable but, in the opinion of management, the ultimate liability resulting will not materially affect the financial position or results of operations of the Company.

NOTE 8. REMUNERATION OF OFFICERS AND DIRECTORS

The following information is reported in accordance with the requirements of Section 122.2 of the Canada Corporations Act:

In 1974, \$12,000 was paid by the Company to three of the twelve persons who served as directors in 1974; remuneration as officers aggregating \$841,500 was paid by the Company to the nine persons who served as officers, five of whom also served as directors.

NOTE 9. THE COMPANIES ACT OF BRITISH COLUMBIA

These financial statements comply with the disclosure requirements of the Canada Corporations Act, but do not necessarily comply with all the disclosure requirements of the Companies Act of British Columbia.

AUDITORS' REPORT

DELOITTE, HASKINS & SELLS
Chartered Accountants

Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K4

To the Shareholders of General Motors of Canada Limited:

We have examined the Balance Sheet of General Motors of Canada Limited as at December 31, 1974 and 1973 and the related Statements of Income and Net Income Retained for Use in the Business and Changes in Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1974 and 1973 and the results of its operations and the changes in its financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied.

January 29, 1975.

Deloitte, Haskins & Sells

STATISTICAL SUMMARY

Year	Net Sales	Net Income	Net Income As A % Of Net Sales	Dividends Total	As A % Of Net Income	Expenditures For Plant And Equipment Excluding Special Tools	Special Tools	Payrolls	Average No. Of Employees	Working Capital
1970	\$1,390,284,555	(\$26,209,139)	(1.9)%	\$45,500,000	-	\$83,186,586	\$91,152,539	\$208,499,830	21,129	\$121,583,290
1971	2,493,081,584	79,763,402	3.2	45,500,000	57.0%	43,397,431	25,779,455	320,434,560	28,394	188,427,763
1972	2,466,873,171	94,195,904	3.8	58,158,775	61.7	31,899,601	72,483,051	322,174,714	26,625	237,993,546
1973	3,116,091,624	113,899,178	3.7	72,434,750	63.6	45,472,349	54,643,007	390,959,576	28,661	260,681,861
1974	3,613,544,491	106,096,664	2.9	79,818,875	75.2	58,324,710	154,392,109	449,630,304	30,258	217,819,088

UNIT SALES OF CARS, TRUCKS AND COACHES

Year	Manufactured in Canada			Unit Sales by Areas				
	Cars	Trucks and Coaches	Total Factory Sales	Imported Vehicles	Total Unit Sales	Canada	United States	Other Countries
1970	222,243	68,684	290,927	100,797	391,724	210,760	154,180	26,784
1971	407,175	101,490	508,665	179,824	688,489	358,816	293,610	36,063
1972	353,924	105,204	459,128	171,918	631,046	350,999	254,994	25,053
1973	443,384	136,424	579,808	210,527	790,335	467,368	298,472	24,495
1974	476,444	165,669	642,113	196,611	838,724	471,214	333,732	33,778



BOARD OF DIRECTORS

E. John Barbeau
Former Executive
Vice President and
General Manufacturing
Manager

David C. Collier
President
and General Manager

Francis E. Conlin
Former Director of
Manufacturing

Elliott M. Estes
President
and Chief Operating Officer
General Motors Corporation

Charles L. Jenkins
Secretary and Treasurer

F. James McDonald
Executive Vice President
U.S. and Canadian
Automotive Operations
General Motors Corporation

J. Donald Thornton
Comptroller

Edwin H. Walker
Former President
and General Manager

W. Robert Waugh
Vice President
and Finance Manager

OFFICERS

David C. Collier
President and General Manager

John D. Duffy, Jr.
Vice President and General Sales
Manager

Emmett B. Lewis, Jr.
Vice President and General Manager,
Diesel Division

Richard C. Walter
Vice President and General Manufac-
turing Manager

W. Robert Waugh
Vice President and Finance Manager

Charles L. Jenkins
Secretary and Treasurer

J. Donald Thornton
Comptroller



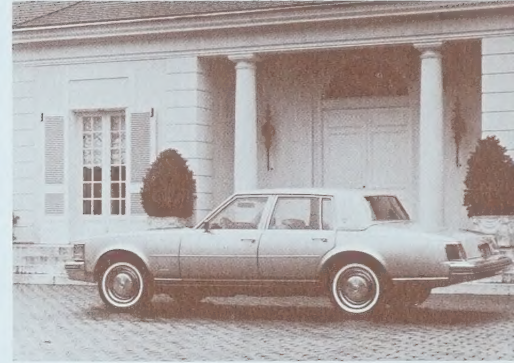
Pontiac Grand Prix



Chevrolet Blazer



Oldsmobile Delta 88 Royale



Cadillac Seville



3000 H.P. General Motors locomotive



53-passenger GM coach



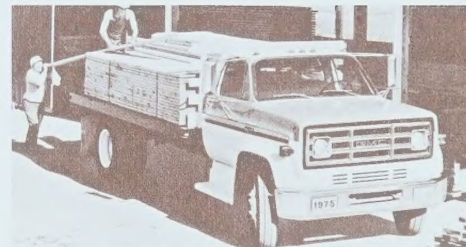
Chevrolet Caprice Classic



350-ton capacity TEREX off-highway hauler



Buick Skyhawk



GMC Medium Duty Truck

